

INCOMING TELEGRAM

Department of State

ACTION COPY

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42

Action
EUR

HR-17/SG 901039 3/16/91

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ClassificationControl:
Rec'd:

15319

NOVEMBER 27, 1958
12:55 AMInfo
RMR

FROM: BERLIN

TO: Secretary of State

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NO: 409, NOVEMBER 26, 6 PM (SECTION ONE OF TWO)

SENT BONN 360, DEPARTMENT 409; REPEATED INFORMATION MOSCOW
124, PARIS 72, LONDON 59.

BONN PASS POLAD USAREUR 134.

PARIS ALSO PASS USCINCEUR THURSTON AND WEST.

REFERENCE: OURTEL 325 TO BONN, 371 TO DEPARTMENT.

BERLIN REACTION FOR PERIOD NOVEMBER 22 TO 26.

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USIA
CIA
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ARMY
NAVY
AIR

A. PUBLIC REACTION

SPIRITS OF POPULATION APPEAR TO HAVE RISEN FOLLOWING SOV DELAY IN ISSUING EXPECTED DOCUMENT RE BERLIN. RELAXATION ATTRIBUTABLE TO FEELING THAT MOSCOW MIGHT BE HAVING SECOND THOUGHTS. GROWING PUBLIC AWARENESS THAT SOV MOVE MAY BE DIRECTED PRIMARILY AGAINST WESTERN POWERS (WHO BERLINERS CONFIDENT CAN TAKE CARE OF THEMSELVES) MAY ALSO HAVE DISPELLED SOME PUBLIC UNEASINESS. BELIEF THEREFORE GAINING THAT BERLIN POPULATION MAY NOT BE IMMEDIATELY AFFECTED, ALTHOUGH LARGE PERCENTAGE OF PEOPLE REALIZE SERIOUS LONG-RANGE IMPLICATIONS OF ANY WEAKENING OF ALLIED POSITION.

EVIDENCE OF BUSINESS AS USUAL ATTITUDE ARE PREPARATIONS FOR HOLIDAYS INCLUDING CHRISTMAS SHOPPING WHICH JUST GETTING UNDERWAY. CYNICISM OF SOV AMBASSADOR SMIRNOV'S STATEMENT THAT ALL GERMANS WILL HAVE PEACEFUL CHRISTMAS HAS INFURIATED BERLINERS AND IS USED AS SUCCESSFUL ANTI-COMMUNIST PROPAGANDA IN ELECTION MEETINGS WHICH REPORTEDLY BETTER ATTENDED THAN IN PAST WEEK

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901039 - 82

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DEPARTMENT OF STATE

1958 NOV 27 PM 12 04

OFFICE
OF EUROPEAN AFFAIRS
WASHINGTON
D.C.

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DEC 1 1958

Correction Made
3/16/91

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-2- 409, NOVEMBER 26, 6 PM (SECTION ONE OF TWO), FROM BERLIN

PAST WEEK. DIFFICULT TO DETERMINE WHETHER THIS DUE TO INTERNATIONAL SITUATION OR SIMPLY TO INCREASED CAMPAIGN ACTIVITY TWO WEEKS BEFORE POLLING DAY. SOCIALIST CAMPAIGNERS REPORT THAT MOOD OF WORKERS NOTICEABLY MORE ANTI-SOVIET AND ANTI-SED. SENATOR LIPSCHITZ TOLD THAT AT FACTORY-RALLY WORKERS CAME CLOSE TO MANHANDLING SED SPEAKER WHEN HE REPEATED CURRENT COMMIE LINE ABOUT WITHDRAWAL OF WESTERN FORCES, ALTHOUGH THEY HAD PREVIOUSLY APPLAUDED SAME SPEAKER WHEN HE MADE SUGGESTIONS ABOUT IMPROVING LABOR CONDITIONS.

ACCORDING ISOLATED REPORTS, EAST BERLIN POPULATION MORE CONCERNED AND NERVOUS THAN WEST BERLINERS ABOUT SECURITY WEST BERLIN AND MAINTENANCE OF ALLIED POSITION, BECAUSE OF STRONG FEELING THAT PRESENCE OF ALLIES ACTS AS BRAKE ON EAST GERMAN GOVERNMENT. EAST BERLINERS FEAR REGIME WILL BEAR DOWN ON THEM EVEN MORE HARSHLY IF STATUS OF BERLIN IS CHANGED.

REFUGEE STREAM NOT VISIBLY AFFECTED BY INTERNATIONAL SITUATION. REDUCTION REFUGEE ARRIVALS TO 275 DURING PAST WEEK PRIMARILY DUE TO ORDINARY SEASON DECLINE. REFUGEE CAMP AUTHORITIES FEEL THAT AS LONG AS REFUGEES NOT PREVENTED FROM COMING THEY WILL CONTINUE TO FLEE.

CONSULATE RECEIVING AVERAGE TEN TO TWENTY TELEPHONE CALLS DAILY FROM AMERICANS ASKING IF THEY SHOULD DEPART BERLIN. STANDARD ANSWER GIVEN IS THAT CONDITIONS NORMAL.

B. OFFICIAL REACTION.

WHILE ALL BERLIN OFFICIALS POINT TO GRAVITY OF SITUATION, DELAY IN KREMLIN'S MOVE SEEMS TO HAVE INCREASED THEIR CONFIDENCE, MAINLY BECAUSE THEY BELIEVE THAT CURRENT RESPITE HAS ENABLED WEST TO IMPROVE ITS PLANNING AND FIRM UP ITS POSITION. OFFICIALS UNANIMOUSLY IMPLORE THAT WEST MAINTAIN FIRM POSITION AND NOT TOLERATE GDR CONTROLS WHICH THEY FEEL BOUND TO LEAD TO

EVENTUAL LOSS

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901039 - 83

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-3- 409, NOVEMBER 26, 6 PM (SECTION ONE OF TWO), FROM BERLIN

EVENTUAL LOSS ALLIED POSITION IN BERLIN. SENATOR LIPSCHITZ SPECIFICALLY SOUGHT OUT MISSION OFFICER TO TELL HIM HE HAD CHANGED HIS MIND SINCE LAST DISCUSSION (SEE OURTEL 294 BONN, 341 SECSTATE) AND WAS NOW STRONGLY IN FAVOR USING FORCE AGAINST EAST GERMANS IF NECESSARY. HE ALSO EMPHATIC THAT BERLIN OFFICIALS COULD SEE THROUGH TRANSPARENT EAST GERMAN TACTICS OF ATTEMPTING TO LULL WEST BERLINERS INTO BELIEF NO ACTION WILL BE TAKEN AGAINST THEM WHILE BEGINNING A SQUEEZE AGAINST THE ALLIED POSITION WITH THE ULTIMATE AIM OF PICKING WEST BERLIN LIKE "RIPE FRUIT."

SENATOR FEDERAL AFFAIRS KLEIN STRESSED TO MISSION OFFICERS NEED FOR FIRM RESISTANCE AT OUTSET, SAYING ALLIES SHOULD TAKE OVER ENTIRE AUTOBAHN BY FORCE (AS LONG AS NO SOVIETS MEET THEM) WHILE SIMULTANEOUSLY INFORMING MOSCOW THEY REGRETTABLE FORCED TO THIS ACTION BY ABSENCE SOVIET TROOPS, BUT READY TO RETURN AUTOBAHN TO RUSSIANS AS SOON AS THEY CHOOSE TO REAPPEAR. KLEIN ADMITTED NEED FOR POSSIBLE LARGE-SCALE DEPLOYMENT ALLIED TROOPS TO CARRY OUT SUCH ACTION BUT SAID THIS BETTER ALTERNATIVE THAN LOSS OF BERLIN BY ATTRITION. KLEIN SAID SENAT WOULD PREFER UNDERGOING NECESSARY PRIVATIONS CONNECTED WITH SUCH FORCEFUL ACTION AND EXPRESSED CONFIDENCE BERLIN POPULATION COULD BE MADE TO UNDERSTAND NEED FOR TIGHTENING BELT EARLIER RATHER THAN BE DOOMED LATER.

KLEIN ALSO REPORTED DISCUSSION WITH VAN SCHERPENBERG THAT AIRLIFT IN LONG RUN ENTIRELY INADEQUATE, NO MATTER HOW WELL ORGANIZED, BECAUSE IT WOULD BE INCAPABLE OF FERRYING ALL GOODS REQUIRED FOR MAINTENANCE OF BERLIN ECONOMY AND WOULD ALSO BE SUBJECT TO GER CHICANERY OF ALL KIND. THIS ONLY CONFIRMED NEED FOR MAINTAINING ROAD ACCESS. KLEIN ALSO SAID VAN SCHERPENBERG AGREED WITH HIM THAT WE MUST BE PREPARED FOR RELENTLESS PRESSURE OVER NEXT FEW YEARS. HE OFFERED HIS OWN COMMENT THAT THE LOOSE ARRANGEMENT IN CONNECTION WITH RECENTLY ARRIVED AT INTERZONAL TRADE AGREEMENT WAS EASTERN MOVE DESIGNED CREATE CONFUSION AND CONFIRM ALREADY EXISTING POPULAR IMPRESSION THAT WEST BERLINERS WILL NOT BE AFFECTED.

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Action

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Control:

15331

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Rec'd:

NOVEMBER 27, 1958

Info

FROM: BERLIN

RMR

TO: Secretary of State

SS

NO: 409, NOVEMBER 26, 6 PM (SECTION TWO OF TWO)

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SENT BONN 360, DEPARTMENT 409, REPEATED INFORMATION MOSCOW 124, PARIS 72, LONDON 59.

KLEIN ALSO READY FROM FEDREP FONOFF REPORT OF CONVERSATIONS BETWEEN FONOFF MEMBER AND MEDIUM LEVEL EMPLOYEE SOV EMBASSY IN WHICH RUSSIAN OFFICIAL SAID WEST WOULD MAKE GREAT NOISE ABOUT SUBSTITUTION SOVIET BY GDR PERSONNEL AT CHECKPOINTS BUT WOULD EVENTUALLY ACCEPT SITUATION, WHEN GERMAN OFFICIAL SAID HE THOUGHT ALLIES WOULD USE FORCE SOVIET OFFICIAL WAS VISIBLY IMPRESSED; HE RETURNED TO SAME SUBJECT ONCE AGAIN TOWARD END OF CONVERSATION AND DEMONSTRATED GREAT INTEREST IN GERMAN OFFICIALS' VIEWS ON THIS SUBJECT.

C. ECONOMIC REACTION.

TEMPER BUSINESS COMMUNITY BERLIN UNEVEN WITH FOLLOWING THEME OBSERVED MOST PROMINENT IN PAST FEW DAYS:

1. IF WESTERN POWERS DO NOT REMAIN FIRM, ALL IS LOST. THIS THEME OFTEN COUPLED WITH FATALISTIC JUDGMENT THAT BERLIN BUSINESS COMMUNITY CANNOT INFLUENCE OUTCOME.

2. IMPENDING SOVIET MOVE TURN OVER CONTROLS GDR IS DIRECTED ONLY AGAINST ALLIED ACCESS TO BERLIN IN CURRENT PHASE. HOWEVER, IT RECOGNIZED THAT GDR CONTROL OVER ALLIED ACCESS SOUGHT AS MEANS BRING ABOUT RECOGNITION GDR AND FEARED THAT GDR WOULD EVENTUALLY USE ITS CONTROLS OVER GERMAN ACCESS WEST BERLIN AS POLITICAL WEAPON OBTAIN CONTROL OVER WEST BERLIN ITSELF.

3. CURRENT

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-2- 409, NOVEMBER 26, 6 PM (SECTION TWO OF TWO) FROM BERLIN-
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3. CURRENT CRISIS PRIMARILY STRATEGY OF NERVES DIRECTED PARTLY
AT DESTROYING CONFIDENCE OF BUSINESSMEN AND THUS UNDERMINING
WEST BERLIN ECONOMY. IT FELT THIS COMMUNIST OBJECTIVE BEST COUNT-
ERED BY CONFIDENT "BUSINESS AS USUAL" ATTITUDE BY WEST BERLIN
AND WEST GERMAN BUSINESS COMMUNITY.

4. APPRECIATION POTENTIAL PERILS IN PRESENT SITUATION AND
CONSIDERATION MEASURES PROTECTION PRIVATE INTERESTS.

MISSION HAS RECEIVED SOME TELEPHONE INQUIRIES FROM BUSINESSMEN
GOING TO WEST GERMANY ASKING WHETHER THEY SHOULD TAKE FAMILIES
AGAINST SOME EMERGENCY. MAY BUSINESSMEN WHO GO BACK AND FORTH
BETWEEN BERLIN AND WEST GERMANY BY AIR CONCERNED THAT COMMERCIAL
AIR TRAFFIC WILL SUDDENLY COME UNDER GDR CONTROL.

IT ALSO APPEARS THAT COMMERCIAL RELATIONS BETWEEN WEST BERLIN
AND FEDERAL REPUBLIC ARE SUFFERING BECAUSE OF NERVOUSNESS IN
WEST GERMANY. MISSION CONTINUES HEAR SOME REPORTS OF CANCELLATION
ORDERS FROM WEST GERMANY, FALLING OFF NEW ORDERS AND DEMANDS
FOR CASH PAYMENT IN ADVANCE BEFORE SHIPMENT TO BERLIN, BUT
SO FAR NO CONCLUSIVE STATISTICAL EVIDENCE. A NUMBER OF WEST
BERLIN GARMENT MANUFACTURERS CURRENT PARTICIPATING SALES
AND FASHION SHOW DUSSELDORF WERE REPORTEDLY PESSIMISTIC ABOUT
FILLING THEIR ORDER BOOKS IN PRESENT CRISIS ATMOSPHERE.
SMALLER WEST GERMAN FIRMS WITHOUT WEST BERLIN AFFILIATES
REPORTED MOST RELUCTANT PLACE ORDERS IN BERLIN AND ONE LARGE
ELECTRONIC FIRM ALSO REPORTED CONSIDERING SHIFTING CERTAIN
PRODUCTION LINES FROM WEST BERLIN TO PLANTS WEST GERMANY.

BERLIN STOCK MARKET HAS RECOVERED SOMEWHAT SINCE BAD BREAK
LAST THURSDAY (SEE REFTEL) GAINING ON FRIDAY AND MONDAY AND
DECLINING AGAIN ON TUESDAY, WITH STOCKS OF BERLIN COMPANIES
LOSING MORE THAN THOSE OF WEST GERMAN FIRMS.

NO UNUSUAL WITHDRAWALS FROM BANKS OF TRANSFERS OF SECURITIES
TO WEST

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901039 - 86

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-21/2 409, NOVEMBER 26, 6 PM (SECTION TWO OF TWO FROM BERLIN)

TO WEST GERMANY HAVE TAKEN PLACE SO FAR THIS WEEK. THERE IS STILL NO RPT NO SCARE BUYING OR HOARDING OF FOODSTUFFS. SOME HOARD BUYING OF GOLD COINS REPORTED AT HIGHER PRICES. TOURISM TO AND FROM BERLIN IS NORMAL AND THERE HAVE BEEN NO CANCELLATION OF CONVENTIONS AND MEETINGS.

DEPENDENCE WEST BERLIN ECONOMY ON STATE OF CONFIDENCE WEST GERMANY HIGHLIGHTED BY STATEMENT OF NATIONAL ORGANIZATION OF GERMAN CHAMBER FOR INDUSTRY AND COMMERCE (DEUTSCHER INDUSTRI-UND HANDELSTAG) REQUESTING MEMBERS TO DISPLAY CONFIDENCE IN WEST BERLIN'S FUTURE BY INCREASED ORDERS TO, AND NEW INVESTMENTS IN, WEST BERLIN. EMPHASIZED THAT NO REASONS EXIST JUSTIFYING CANCELLATION ON REDUCTION ORDERS PLACED

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901039 - 87

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-3- 409, NOVEMBER 26, 6 PM (SECTION TWO OF TWO) FROM BERLIN

PLACED IN WEST BERLIN, AND SUCH POLICY WOULD BE DETRIMENTAL TO WEST BERLIN EFFORTS FACE COMMUNIST THREATS CALMLY. SIMILAR ANNOUNCEMENT ISSUED BY ASSOCIATION OF INDEPENDENT ENTREPRENEURS IN BONN (ARBEITSGEMEINSCHAFT SELBSTANDIGER UNTERNEHMER). MISSION UNDERSTANDS THESE ANNOUNCEMENTS TAKEN ON INITIATIVE WEST GERMAN BUSINESS ASSOCIATIONS AND WEST BERLIN CHAMBER FOR INDUSTRY AND COMMERCE.

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901039-88